

**FY 2003-04**

**HUMAN SERVICES**

**Executive Recommendation**

**Community Health**

**Corrections**

**Family Independence Agency**



**Summary: Executive Budget Recommendation**  
**COMMUNITY HEALTH**  
**FY 2003-04 House Bill 4392**

**Analysts: Margaret Alston, Bill Fairgrieve, Sue Frey**

**FY 2003-04 Appropriation Recommendations**

	FY 2002-03 YTD	FY 2003-04	Difference: Exec to FY 2002-03 YTD	
	(as of 3/6/03)	Executive	Amount	%
<b>IDG/IDT</b>	\$69,172,900	\$69,204,800	\$31,900	0.0
<b>Federal</b>	4,915,609,536	4,890,865,600	(24,743,936)	(0.5)
<b>Local</b>	938,759,100	806,552,500	(132,206,600)	(14.1)
<b>Private</b>	64,736,600	59,458,000	(5,278,600)	(8.2)
<b>Restricted</b>	804,921,500	707,327,400	(97,594,100)	(12.1)
<b>GF/GP</b>	2,416,210,412	2,583,938,600	167,728,188	6.9
<b>Gross</b>	<b>\$9,209,410,248</b>	<b>\$9,117,346,900</b>	<b>(\$92,063,348)</b>	<b>(1.0)</b>
<b>FTEs</b>	5,672.3	4,672.2	(1,000.1)	(17.6)

**Overview**

The Community Health budget provides funding for a wide range of mental health, substance abuse, public health, and medical services programs including Medicaid. The Michigan Department of Community Health (DCH) was established by Executive Order in 1996 and consolidated the former Departments of Mental Health and Public Health with Medicaid and the Office of Drug Control Policy. Aging and Crime Victim Services were transferred in later. The Executive Budget recommends \$9.1 billion gross, \$2.6 billion GF/GP in funding.

**Summary of Major Budget Issues**

***Medicaid Adult Benefits Waiver***

The Executive Budget restructures Medicaid coverage, contingent on a federal waiver, to provide a more limited health care benefit for adults on Medicaid who are not elderly or disabled. Anticipated savings are \$111.2 million gross, \$95.3 million GF/GP.

***Pharmaceutical Services Savings***

The Executive Budget includes additional Medicaid savings of \$90.4 million gross, \$40.0 million GF/GP by adjusting MAC prices for generic drugs and lower prescription drug costs through the multi-state purchasing initiative.

***Medicaid Caseload, Utilization, and Inflation Increases***

The Executive Budget adds \$419.2 million gross, \$186.2 million GF/GP to reflect anticipated growth in Medicaid expenditures associated with caseload growth, increased utilization of health care services, and inflation.

***Medicaid Mental Health Increases for CMHSPs***

The Executive Budget recognizes an increase of \$58.9 million for Medicaid mental health services financed in part with local funds from CMHSPs. It also includes \$22.7 million gross, \$10.0 million GF/GP for a 1.6% capitation payment rate increase to CMHSPs.

**Family Planning Waiver**

The Executive Budget proposes a family planning waiver to provide an additional \$2.25 million of federal Medicaid funds for family planning programs.

**Public Health Federal Grant Increases**

The Executive Budget reflects \$55.0 million gross in additional federal grant funds for public health, family and aging programs, including \$25.8 million for public health bioterrorism preparedness programs, \$19.5 million for the Women, Infants, and Children food program, \$3.3 million for senior community and nutrition services, and \$6.5 million for 13 other program areas including asthma, rape prevention, HIV care, and epidemiology and laboratory capacity.

**Medicaid Restricted Revenue Increases**

The Executive Budget allocates \$208.4 million more from provider assessment fees, tobacco settlement funds, and tobacco tax revenue to replace GF/GP for Medicaid.

**Major Budget Changes from FY 2002-03 YTD Appropriations:**

		<b>YTD FY 2002-03</b>	<b>Executive Change</b>
<b>1. Medicaid Adult Benefits Waiver</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$111,217,500)</b>
The Executive Budget proposes Medicaid program changes to limit health care benefits for "healthy" adults on Medicaid through a federal waiver. The limited Medicaid plan would cover caretaker relatives whose benefits were terminated in Executive Order 2002-22, persons now served through state and local indigent care plans, and adults in TANF-eligible households who currently have full Medicaid coverage. The plan also: (1) eliminates Medicaid coverage for chiropractic, podiatric, hearing aid, and non-emergency dental services to adults; (2) reduces Long-Term Care costs through tighter screening requirements, estate recovery, and other changes; and (3) revises spend-down policies to provide a buy-in option for elderly and disabled persons on Medicaid.	<b>GF/GP</b>	<b>N/A</b>	<b>(\$95,309,300)</b>
<b>2. Medicaid Caseload, Utilization, and Inflation Increases</b>	<b>Gross</b>	<b>\$6,071,770,300</b>	<b>\$419,216,900</b>
Additional funding is recommended to reflect Medicaid costs associated with inflation, utilization and caseload growth.	<b>GF/GP</b>	<b>\$1,681,294,100</b>	<b>\$186,156,500</b>
a. Mental Health and Substance Abuse Services	<b>Gross</b>	<b>\$1,350,823,400</b>	<b>\$41,510,100</b>
	<b>GF/GP</b>	<b>\$538,348,400</b>	<b>\$18,310,100</b>
b. Children's Special Health Care Services	<b>Gross</b>	<b>\$151,600,000</b>	<b>\$13,947,200</b>
	<b>GF/GP</b>	<b>\$78,770,100</b>	<b>\$7,392,000</b>
c. Other Medicaid Services	<b>Gross</b>	<b>\$4,569,347,200</b>	<b>\$363,759,600</b>
	<b>GF/GP</b>	<b>\$1,064,175,600</b>	<b>\$160,454,400</b>
<b>3. Medicaid Capitation Payment Rate Increase for CMHSPs</b>	<b>Gross</b>	<b>\$1,324,695,900</b>	<b>\$81,614,200</b>
The Executive Budget recognizes an increase of \$58.9 million for Medicaid Mental Health Services financed in part with local funds from CMHSPs. It also includes \$22.7 million gross, \$10.0 million GF/GP for a 1.6% capitation payment rate increase to CMHSPs. The rate increase is financed by redirecting \$40.0 million from CMH Non-Medicaid Services for the Medicaid Adult Benefits Waiver program.	<b>Federal</b>	<b>797,995,200</b>	<b>45,614,200</b>
	<b>Local</b>	<b>0</b>	<b>26,000,000</b>
	<b>GF/GP</b>	<b>\$526,700,700</b>	<b>\$10,000,000</b>

**Major Budget Changes from FY 2002-03 YTD Appropriations:**

		<b>YTD FY 2002-03</b>	<b>Executive Change</b>
<b>4. Redirection of Funds to CMHSPs</b>	<b>Gross</b>	<b>\$1,324,695,900</b>	<b>\$83,233,700</b>
Due to the closure of Northville Psychiatric Hospital for Adults with Mental Illness in FY 2002-03, the Executive Budget proposes to increase funding for Medicaid Mental Health Services by \$83.2 million gross of which \$36.7 million GF/GP has been redirected from CMHSP, Purchase of State Services Contracts. Please note that the \$36.7 million GF/GP should have been redirected to CMH Non-Medicaid Services which would not result in additional federal Medicaid revenue.	Federal	797,995,200	46,519,300
	GF/GP	\$526,700,700	\$36,714,400
<b>5. Increased Federal Grants for Substance Abuse Services</b>	<b>Gross</b>	<b>\$76,335,400</b>	<b>\$4,213,000</b>
The Executive Budget recognizes \$4.2 million in additional and new federal grant funds for community substance abuse prevention, education and treatment programs. These funds are to be used as required by federal regulations for the Substance Abuse Block Grant and the State Incentive Grant Program.	Federal	57,744,900	4,213,000
	Restricted	1,460,000	0
	GF/GP	\$17,130,500	\$0
<b>6. Early Retirement Savings</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$11,644,900)</b>
Included in the Executive Budget are early retirement savings totaling \$11.6 million gross and \$6.1 million GF/GP for FY 2003-04 for the Department of Community Health. These savings are in addition to the net early retirement savings achieved during this fiscal year of \$7.5 million gross and \$5.8 million GF/GP.	Federal	N/A	(1,069,700)
	Restricted	N/A	(202,600)
	Local	N/A	(4,276,800)
	GF/GP	N/A	(\$6,095,800)
<b>7. Family Planning Waiver</b>	<b>Gross</b>	<b>\$14,160,400</b>	<b>\$2,250,000</b>
The Executive Budget proposes an expansion of family planning and pregnancy prevention services to low income women not currently eligible for Medicaid, with a federal family planning waiver request. An additional \$2.25 million of federal Medicaid funds would be provided for family planning programs in FY 2003-04.	Federal	7,615,200	2,250,000
	Restricted	2,985,100	0
	GF/GP	\$3,560,100	\$0
<b>8. Public Health Federal Grant Increases</b>	<b>Gross</b>	<b>N/A</b>	<b>\$55,016,100</b>
The Executive Budget reflects \$54.6 million gross in additional federal grant funds for public health, family, and aging programs, including \$25.8 million for public health bioterrorism preparedness programs, \$19.5 million for the Women, Infants, and Children food program, \$3.3 million for senior community and nutrition services, and \$6.5 million for 13 other program areas: asthma, rape prevention, HIV care, epidemiology and laboratory capacity, birth outcomes, genetics, newborns, childhood lead poisoning prevention, family planning, tuberculosis, public health tracking, injury, and integrated surveillance (OASIS).	Federal	N/A	55,016,100
<b>9. Healthy Michigan Fund Revisions</b>	<b>Gross</b>	<b>\$57,765,900</b>	<b>(\$1,148,800)</b>
The Executive Budget recommends replacement of GF/GP funds with Healthy Michigan Fund (HMF) monies for some prevention programs, and continued appropriation of approximately 68% of the HMF for Medicaid programs.	Restricted	57,765,900	(1,148,800)
<b>10. Breast and Cervical Cancer Services</b>	<b>Gross</b>	<b>\$1,952,400</b>	<b>\$6,136,000</b>
The Executive Budget recommends additional funding to continue the phase in of Medicaid treatment services for women with breast and cervical cancer who have income up to 250% of the poverty level. The funding will cover the cost of services to another 430 women.	Federal	1,356,000	4,241,200
	GF/GP	\$596,400	\$1,894,800

**Major Budget Changes from FY 2002-03 YTD Appropriations:**

		<b>YTD FY 2002-03</b>	<b>Executive Change</b>
<b>11. Pharmaceutical Services Savings</b>	<b>Gross</b>	<b>\$521,491,500</b>	<b>(\$90,443,400)</b>
Additional Medicaid savings are taken related to reducing MAC prices for generic drugs and lowering prescription drug costs as a result of the multi-state purchasing initiative.	Federal	291,528,900	(50,443,400)
	Tobacco	8,000,000	0
	GF/GP	\$221,962,600	(\$40,000,000)
<b>12. Medical Services Restructuring Policy Changes</b>	<b>Gross</b>	<b>N/A</b>	<b>(\$29,799,900)</b>
Several Medicaid, MICHild, and Children's Special Health Care (CSHCS) policy revisions are assumed in the Executive Budget including:	GF/GP	N/A	(\$12,202,200)
a. Implementation of a revised reimbursement methodology for outpatient hospital services.	<b>Gross</b>	<b>N/A</b>	<b>(\$9,068,200)</b>
	GF/GP	N/A	(\$4,000,000)
b. Requiring MICHild eligible children to enroll in Medicaid HMOs (where they are available) or shift to the Medicaid fee-for service program.	<b>Gross</b>	<b>N/A</b>	<b>(\$7,124,400)</b>
	GF/GP	N/A	(\$2,200,000)
c. Enrolling current aged Medicaid spend-down beneficiaries in the EPIC-EX program.	<b>Gross</b>	<b>N/A</b>	<b>(\$4,307,400)</b>
	GF/GP	N/A	(\$1,900,000)
d. Carving out pharmaceutical services from CSHCS managed care payments in order to obtain drug manufacturer rebates.	<b>Gross</b>	<b>N/A</b>	<b>(\$2,040,400)</b>
	GF/GP	N/A	(\$900,000)
e. Requiring CSHCS eligible children to enroll in Medicaid or MICHild if they qualify for either program.	<b>Gross</b>	<b>N/A</b>	<b>(\$7,259,600)</b>
	GF/GP	N/A	(\$3,202,200)
<b>13. Medicaid Special Financing Payments</b>	<b>Gross</b>	<b>\$1,079,094,900</b>	<b>(\$256,662,800)</b>
A series of adjustments are proposed to reflect reductions in Medicaid special financing payments due to federal policies that limit the amount of such payments. As a result, state GF/GP revenues to fund the Medicaid program are increased.	Federal	670,336,700	(153,805,800)
	Local	840,638,900	(232,561,400)
	Restricted	160,429,500	(16,981,500)
	GF/GP	(\$592,310,200)	\$146,685,900
<b>14. Medicaid Financing Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
The Executive Budget proposes to utilize restricted funds from several sources to replace state GF/GP that otherwise would be required for the Medicaid program.	Restricted	N/A	208,400,000
	GF/GP	N/A	(\$208,400,000)
a. \$56.7 million from hospital and nursing home assessment fees and a new pharmacy assessment fee is used to replace GF/GP of the same amount. For each of the provider fee assessments, the state would retain \$18.9 million and utilize the remaining revenue to finance a Medicaid payment increase.	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
	Restricted	N/A	56,700,000
	GF/GP	N/A	(\$56,700,000)
b. An additional \$126.7 million in revenue from the Merit Award and Tobacco Settlement Trust Funds is proposed to replace the same amount of state GF/GP in support of the Medicaid program.	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
	Restricted	N/A	126,700,000
	GF/GP	N/A	(\$126,700,000)
c. \$25.0 million in available revenue from the Medicaid Benefits Trust Fund is also utilized to replace state GF/GP.	<b>Gross</b>	<b>N/A</b>	<b>\$0</b>
	Restricted	N/A	25,000,000
	GF/GP	N/A	(\$25,000,000)

**Major Boilerplate Changes from FY 2002-03:**

***Sec. 206. Contingency Funds - MODIFIED***

Appropriates up to \$100.0 million in federal contingency funds, up to \$20.0 million in state restricted contingency funds, up to \$20.0 million in local contingency funds, and up to \$10.0 million in private contingency funds. Specifies that contingency funds are not available for expenditure until transferred according to provisions in Section 393(2) of the Management and Budget Act. The Executive recommends renumbering the section and increasing the ceiling on state restricted contingency funds and local contingency funds to \$50.0 million.

***Sec. 224. Appropriation of Unexpended and Unreserved General Fund - NEW***

The Executive recommends new language to appropriate up to one-half of the unexpended and unreserved GF/GP portions of FY 2002-03 appropriations made to the Department for salaries and wages expenses, contractual services, supplies and material expenses, information technology expenses and program operation costs in order to encourage administrative efficiencies.

***Sec. 262. Expenditure of Appropriated Funds - DELETED***

Requires the Department to provide a written explanation of the reasons why it did not fully expend appropriated funds if any of the following occurs: 1) a proposed legislative transfer removes 10% or more of the funding in a line item; 2) a proposed legislative transfer brings the total of the year-to-date transfers out of that line to 10% or more of the originally appropriated amount; 3) a proposed legislative transfer removes funding in a line item that is the subject of boilerplate language expressing legislative intent for program implementation; 4) 10% or more of a line item will lapse to the general fund at the close of the fiscal year; and 5) 10% or more of a line item will be proposed to be included in a work project.

***Sec. 407. Substance Abuse Prevention, Education, and Treatment Grants - DELETED***

Requires funds appropriations for substance abuse prevention, education, and treatment grants be expended for contracting with coordinating agencies or designated service providers. Provides that is the Legislature's intent that coordinating agencies and designated service providers work with CMHSPs to coordinate services provided to individuals with both mental illness and substance abuse diagnoses. Requires the Department to establish a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay.

***Sec. 422. Pilot Projects by CMHSPs on Psychotropic Drug Costs - DELETED***

Expresses the Legislature's intent that the Department support pilot projects by CMHSPs to control and manage psychotropic drug costs associated with the Managed Specialty Services and Supports Program. Requires the pilot projects to be completely voluntary and based on projects proposed by CMHSPs. Requires the Department to provide quarterly reports to the House of Representatives and Senate Appropriations Subcommittees on Community Health, the State Budget Office, and the House and Senate Fiscal Agencies as to any activities by CMHSPs to pilot projects.

***Sec. 425. Report on Prisoners Receiving Mental Health and Substance Abuse Services - DELETED***

Requires the Department, in conjunction with the Department of Corrections, to report by April 1, 2003, on the following FY 2001-02 data to the House of Representatives and Senate Appropriations Subcommittees on Community Health and Corrections, the House and Senate Fiscal Agencies, and the State Budget Office: the number of prisoners receiving substance abuse services; the number of prisoners receiving mental health services; and data indicating if prisoners receiving mental health services were previously hospitalized in a state psychiatric hospital for persons with mental illness.

***Sec. 427. Capitation Payments to CMHSPs - DELETED***

Prohibits the Department from enacting any contract changes concerning capitation payments to CMHSPs for Medicaid eligibles unless required by federal law and agreed to by contract with CMHSPs. Does not permit the Department to alter capitation rates in order to offset any increase in costs due to increases in the Medicaid caseload or case mixture. Requires the Department to submit a copy of any state plan amendment to the federal waiver for the Managed Specialty Services and Supports Program to the Legislature before submitting the state plan amendment to the Centers for Medicare and Medicaid Services.

**Sec. 428. Contingency Appropriation of \$100 Million for CMHSPs - DELETED**

Authorizes the Department to establish a separate contingency appropriations account, in an amount not to exceed \$100 million, for the purpose of providing an increase in Medicaid capitation rates for CMHSPs from local funds that can be used as a bona fide source for the state match required under the Medicaid program. Requires the distribution of the rate increase to be based on a formula developed by a Committee established by the Department that includes representatives from CMHSPs or affiliations of CMHSPs and Department staff. Specifies the criteria to be used in developing the distribution formula for the Medicaid capitation rate increase. Requires the Department to report its findings to the House of Representatives and Senate Appropriations Subcommittees on Community Health.

**Sec. 905. Local Public Health Operations Distributions - DELETED**

Requires the Department to provide no less than 100% of FY 2001-02 allocations to local public health departments in implementing the new funding distribution methodology for local public health operations funds.

**Sec. 1129. Report of Elevated Blood Lead Levels - DELETED**

Requires the Department to annually report to the Legislature on the number of children with elevated blood lead levels, by county, and indicating the blood lead level.

**Sec. 1135. Services for Sponsored Aliens - DELETED**

Requires the Department to implement a sponsor-to-alien deeming policy for aliens seeking services under any means-tested state-funded program; and to seek reimbursement from sponsors for nonqualified aliens who have received services.

**Sec. 1300. Interdepartmental Grant to Judiciary for Drug Treatment Courts - NEW**

The Executive recommends new language that provides for \$1.8 million of federal Byrne grant money to be directed as an interdepartmental grant to the Judiciary for local drug treatment courts, in addition to the \$1.8 million funding that the Department currently distributes to local drug treatment courts.

**Sec. 1302. Allocation of Funds for Forensic Nurse Examiner Programs - DELETED**

Allocates up to \$50,000 for expansion of forensic nurse examiner programs to facilitate training for improved evidence collection for the prosecution of sexual assault. Unexpended funds shall be carried forward.

**Sec. 1622. Pharmaceutical Best Practice Initiative - DELETED**

Specifies conditions for the continued implementation of the Department's pharmaceutical initiative related to the prior authorization process, the Pharmacy and Therapeutics Committee, and reporting requirements.

**Sec. 1630. Medicaid Dental, Podiatric, and Chiropractic Services - DELETED**

Continues adult dental, podiatric, and chiropractic services at not less than the level provided on October 1, 1996. Prohibits restrictions on chiropractic services unless the recipient exceeds 18 visits within a year.

**Sec. 1661(2). Prohibition on Prior Authorization for EPSDT and MSS/ISS Services - DELETED**

Prohibits prior authorization for EPSDT and MSS/ISS referrals and up to 3 MSS/ISS service visits.

**Sec. 1677. MIChild Benefits - DELETED**

Specifies the benefits to be covered by the MIChild program based on the state employee insurance plan.

**Sec. 1700. Federal Medicaid Waivers - DELETED**

Prohibits the submission of a Medicaid waiver to the federal government unless it is submitted to the House and Senate Appropriations Subcommittees on Community Health 30 days in advance.

**Sec. 1700. Medicaid Appropriations for Quality Assurance Assessment Revenues - NEW**

The Executive recommends new language to authorize increased appropriations for the Hospital, Long-Term Care, Pharmaceutical, and Health Plan Services line items if quality assurance assessment revenues are available to finance provider rate increases.

**Sec. 1710. MIChoice Home and Community Based Services - DELETED**

Requires the Department to report proposed changes in the MIChoice home and community based services waiver program screening process to the House and Senate Appropriations Subcommittees on Community Health at least 30 days prior to implementation.



**Summary: Executive Budget Recommendation**  
**CORRECTIONS**  
**FY 2003-04 House Bill 4390**

**Analyst: Marilyn Peterson**

**FY 2003-04 Appropriation Recommendations**

	FY 2002-03 YTD (as of 3/6/03)	FY 2003-04 Executive	Difference: Exec to FY 2002-03 YTD	
			Amount	%
IDG/IDT	\$3,318,500	\$3,253,600	(\$64,900)	(2.0)
Federal	26,403,400	27,798,400	1,395,000	5.3
Local	391,100	391,100	0	0.0
Private	0	0	0	0.0
Restricted	55,750,600	60,748,800	4,998,200	7.2
GF/GP	1,599,803,231	1,632,315,300	32,512,069	2.0
<b>Gross</b>	<b>\$1,685,666,831</b>	<b>\$1,724,507,200</b>	<b>\$38,840,369</b>	<b>2.1</b>
FTEs	18,843.9	18,308.7	(535.2)	(2.8)

**Overview**

The budget for the Department of Corrections (MDOC) funds the state prison system, supervision of parolees and felony probationers, community placement of selected prisoners, and a variety of offender programs, most notably treatment and education. It also funds training of corrections officers and centralized functions of administration, research, and financial operations. Prison construction, however, is not funded through the MDOC budget, but rather through Capital Outlay. Costs of prisoner custody and care currently amount to roughly 85% of the total MDOC budget, and growth in the prison population has been largely responsible for growth in corrections spending, particularly of the state GF/GP revenues that account for about 95% of the current Corrections budget.

Over the past two decades, prison population, inflation-adjusted Corrections GF/GP spending, and Corrections' share of total state GF/GP all have almost quadrupled. As of December 2003, the prison and camp population stood at 49,459, and Corrections' GF/GP authorization was about 18% of total state GF/GP.

**Summary of Major Budget Issues**

***Conditional Reintegration Program***

Proposes new program aimed at curbing prison population growth through placing nonviolent prisoners in corrections centers or tether immediately prior to parole; statutory changes needed. Estimated bed space savings of 1,375 beds by end of FY2003-04. Funded with \$6.0 million prison cost savings and \$1.9 million in collections from program participants.

***County Jail Reimbursement Program***

Revises reimbursement criteria to limit reimbursement to offenders with sentencing guidelines scores indicative of a prison sentence. Estimated savings of \$7.0 million would fund Local Facility Expansion Program (see below).

***Local Facility Expansion Program***

Revives program aimed curbing prison population growth through utilization of local bed space. Funding to be used for reimbursing local units of government for housing state prisoners and/or construction or renovation projects that expand local capacity to house felons.

***Prisoner Health Care***

## HUMAN SERVICES - CORRECTIONS

Increases of \$8.1 million for new contract for capitated managed care, \$5.1 million for pharmaceuticals.

### **Youth Correctional Facility**

Depletion of federal grant to be met with \$1.1 million GF/GP. Gross increase of \$2.2 million, of which \$1.4 million is for anticipated cost increases under new contract and remainder is for 30-bed increase in offender population.

<b>Major Budget Changes from FY 2002-03 YTD Appropriations:</b>		<b>YTD FY 2002-03</b>	<b>Executive Change</b>
<b>ALTERNATIVES TO PRISON INCARCERATION</b>			
<b>1. Conditional Reintegration Program</b>			
Executive proposes new Conditional Reintegration Program, under which prisoners would be placed in centers or on tether immediately prior to parole. Would necessitate changes to truth-in-sentencing statute. Projected bed space impact of 1,375 prison and camp beds by the end of FY 2003-04. Program to be funded through combination of prison cost savings and offender reimbursement.	<b>Gross</b>	<b>\$0</b>	<b>\$7,897,200</b>
	Restricted	0	1,865,100
	GF/GP	\$0	\$6,032,100
<b>2. County Jail Reimbursement Program (CJRP)</b>			
This program provides counties with per-diem payments for housing certain offenders; reimbursement criteria and rates are set in annual budget act boilerplate. Executive proposes to revise criteria to delete third-offense drunken driving (OUIL3) as a stand-alone criterion. Thus, for an OUIL offender to qualify under the program, he or she would have to have a sentencing guidelines score reflective of a prison sentence. Predicted savings of \$7.0 million redirected to Local Facility Expansion Program (see below). This adjustment partially offset by anticipated \$1.0 million increase in civil infraction revenues.	<b>Gross</b>	<b>\$17,700,000</b>	<b>(\$5,951,000)</b>
	Restricted	17,700,000	(5,951,000)
<b>3. Local Facility Expansion Program</b>			
Savings achieved through change in CJRP criteria used to fund a new local facility expansion program line item. Associated boilerplate language directs this funding to certain local efforts that curb prison population growth. Funding could be used to lease jail beds to house state prisoners, or for construction or renovation projects that increase local bed space capacity.	<b>Gross</b>	<b>\$0</b>	<b>\$6,951,000</b>
	Restricted	0	6,951,000
<b>4. Parole and Probation Services</b>			
Executive proposes to spend down the balance of the statutory 20% set-aside of parole and probation oversight fees. Funding to be used to enhance services in conjunction with the proposed conditional reintegration program (CRP).	<b>Gross</b>	<b>\$2,455,300</b>	<b>\$1,412,000</b>
	Restricted	2,455,300	1,412,000
<b>5. Community Corrections Grant Programs</b>			
Current-year Executive Order reductions to be reversed. Restores \$651,700 to Comprehensive Plans and Services and \$1,312,000 to Probation Residential Centers.	<b>Gross</b>	<b>\$26,066,300</b>	<b>\$1,963,700</b>
	Restricted	1,492,100	0
	GF/GP	\$12,192,100	\$1,963,700
<b>PRISON AND CAMP BED SPACE CHANGES</b>			
<b>6. Youth Correctional Facility</b>			
Current operating contract for the privately-owned-and-operated Michigan Youth Correctional Facility expires July 20, 2003. Executive proposes \$1.4 million for anticipated cost of new contract, \$770,700 to recognize 80-bed increase gained through double-bunking administrative segregation unit. Addition of GF/GP funding offsets depletion of federal grant.	<b>Gross</b>	<b>\$11,400,700</b>	<b>\$2,167,000</b>
	Federal	11,400,700	(1,124,500)
	GF/GP	\$0	\$1,124,500

**Major Budget Changes from FY 2002-03 YTD Appropriations:**

**7. Beds Open and Partially Funded in Prior Year**

Executive includes funding to meet full-year costs of beds open and receiving partial-year funding in the current fiscal year (485 beds at Egeler's C Unit, 240 beds each at Macomb and Saginaw, 210 beds through double-bunking at Riverside).

	YTD FY 2002-03	Executive Change
<b>Gross</b>	<b>\$6,871,700</b>	<b>\$8,217,900</b>
GF/GP	\$6,871,700	\$8,217,900

**8. Beds Open and Unfunded in Prior Year**

Executive includes funding to meet full-year costs of beds open and receiving no funding in the current fiscal year (56 beds at Lakeland, 42 beds at Cotton, 50 beds at Crane, 24 beds at Egeler, and 99 beds at 11 different locations).

<b>Gross</b>	<b>\$0</b>	<b>\$2,255,200</b>
GF/GP	\$0	\$2,255,200

**9. Camp Lehman**

Current-year budget included \$2.4 million and 29.4 FTEs to support the planned double-bunking of 240 beds at Camp Lehman. Due to difficulties securing adequate water and sewer service at that site, the Executive recommends a reduction of 200 beds and associated funding support.

<b>Gross</b>	<b>\$2,410,600</b>	<b>(\$1,389,200)</b>
GF/GP	\$2,410,600	(\$1,389,000)

**PRISONER HEALTH AND MENTAL HEALTH CARE**

**10. Managed Care Contract**

Executive recommends increase to meet costs of new managed care contract for prisoner hospital and specialty care, which takes effect April 1, 2003.

<b>Gross</b>	<b>\$52,729,100</b>	<b>\$8,138,400</b>
GF/GP	\$52,729,100	\$8,138,400

**11. Pharmaceutical Cost Increases**

Executive recommends increase of \$5.1 million for pharmaceutical price and volume increases, including an increase of \$674,900 for psychotropic medications.

<b>Gross</b>	<b>N/A</b>	<b>\$5,051,700</b>
GF/GP	N/A	\$5,051,700

**MISCELLANEOUS PERSONNEL AND ADMINISTRATIVE MATTERS**

**12. New Corrections Officer Training**

Executive assumes no increase in prison capacity, and therefore recommends funding for training only as many new corrections officers as needed to accommodate staff turnover. Result is a decrease from current funding level.

<b>Gross</b>	<b>\$10,968,600</b>	<b>(\$7,968,400)</b>
GF/GP	\$10,968,600	(\$7,968,400)

**13. FY 2001-02 Early Retirement Program**

Executive recommends additional funding as a result of FY 2001-02 early retirement program. Figure is the net of increased costs due to statewide apportionment of retiree health care (\$28.3 million GF/GP) and savings accruing through retirements that were delayed until current year (\$5.3 million gross and GF/GP).

<b>Gross</b>	<b>N/A</b>	<b>\$23,370,900</b>
Restricted	N/A	319,000
GF/GP	N/A	\$23,051,900

**14. Administrative and Support Staffing**

Executive recommends reduction of 170.5 FTEs in administrative and support staffing, with associated funding reduction.

<b>Gross</b>	<b>N/A</b>	<b>(\$10,180,800)</b>
GF/GP	N/A	(\$10,180,800)

**15. Leap Year Funding**

Calendar year 2004 is a leap year, and thus the Executive recommends one-time additional funding of \$3.9 million to fund costs deriving from having an additional day in FY 2003-04.

<b>Gross</b>	<b>N/A</b>	<b>\$3,937,900</b>
Restricted	N/A	55,500
GF/GP	N/A	\$3,882,400

**Major Boilerplate Changes from FY 2002-03:**

***Sec. 215. Administrative Efficiencies Work Project - NEW***

The Executive recommends language aimed at encouraging administrative efficiencies through boilerplate that would appropriate up to one-half of certain savings achieved in FY 2002-03. The language specifies that the appropriation would be subject to the approval of the state budget director, and would have to be spent for the same purpose for which the original appropriation was made in FY 2002-03.

***Secs. 215, 216, 217. Youth Correctional Facility - DELETED***

The Executive would delete sections that require quarterly reports on the youth correctional facility (Sec. 214), specify certain duties for the contract monitor (Sec. 215), and provide for corrections subcommittee chairs to promptly receive copies of any invitations to bid on the youth correctional facility contract (Sec. 216).

***Sec. 404. Staffing Ratios - DELETED***

The Executive would delete current-year language that requires a report on staffing ratios at the correctional facilities.

***Sec. 706. County Jail Reimbursement Program - MODIFIED***

"For the purpose of reimbursing counties for housing in jails felons who otherwise would have been sentenced to prison," the county jail reimbursement program provides counties with per diem payments using criteria set by boilerplate language. Two sets of criteria exist; one applying to offenders sentenced under comprehensive sentencing guidelines enacted in 1998 (which apply to offenses occurring on or after January 1, 1999), the other to offenders sentenced for offenses occurring prior to January 1, 1999. Each set allows qualification by virtue of a sentencing guidelines score indicative of a prison sentence or by virtue of a conviction for third-offense drunk driving (OUIL 3). The Executive would eliminate OUIL 3 as a stand-alone criterion, thereby conditioning qualification on one of the remaining criteria, thereby generating anticipated savings of \$6,951,000, which would be used to fund the local facility expansion program (see below).

***Sec. 707. Local Facility Expansion Program - NEW/MODIFIED***

The FY 1997-98 budget act funded a local facility expansion program "to allow local units of government to directly or indirectly expand local capacities to house felons who otherwise likely would be prison bound...or who currently are incarcerated in prison." The Executive proposes a new local facility expansion program that would be funded with the \$7.0 million in savings anticipated through the operation of changes in jail reimbursement program criteria (see above). Language establishing the new program would be similar but not identical to language enacted for FY 1997-98. Among other differences: under the Executive recommendation, the funds could be used to "allow local units of government to directly expand local capacities to house felons," and to "reimburse local units of government for housing state prisoners."

**Summary: Executive Budget Recommendation**  
**FAMILY INDEPENDENCE AGENCY**  
**FY 2003-04 Senate Bill 270**

**Analysts: Erin Black, Myron Freeman**

**FY 2003-04 Appropriation Recommendations**

	FY 2002-03 YTD (as of 3/6/03)	FY 2003-04 Executive	Difference: Exec to FY 2002-03 YTD	
			Amount	%
<b>IDG/IDT</b>	\$978,800	\$1,055,800	\$77,000	7.9
<b>Federal</b>	2,773,916,471	2,697,630,071	(76,286,400)	(2.8)
<b>Local</b>	66,956,700	65,097,100	(1,859,600)	(2.8)
<b>Private</b>	9,856,850	9,472,150	(384,700)	(3.9)
<b>Restricted</b>	70,370,500	70,096,800	(273,700)	(0.4)
<b>GF/GP</b>	1,115,085,079	1,102,339,379	(12,745,700)	(1.1)
<b>Gross</b>	<b>\$4,037,164,400</b>	<b>\$3,945,691,300</b>	<b>(\$91,473,100)</b>	<b>(2.3)</b>
<b>FTEs</b>	12,501.1	10,771.6	(1,729.5)	(13.8)

**Overview**

The Family Independence Agency's (FIA) mission is, through community leadership, to help improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence. The Executive FY 2003-04 proposed budget includes gross appropriations of \$3.9 billion and GF/GP funding of \$1.1 billion. Both are down from the FY 2002-03 year-to-date (YTD) amount by \$91.5 million and \$12.7 million, respectively. The Executive budget proposal increases or maintains funding for a number of major programs while recognizing savings by reducing or eliminating other programs.

**Summary of Major Budget Issues**

***Enhanced Child Care Fund Reimbursement***

Executive budget allocates \$50.0 million in a new line item, Enhanced Child Care Fund Reimbursement for Community Programs. Under this program, counties are encouraged to utilize funding in support of more community-based, in-home services for youth. In return, the county reimbursement rate for alternatives to out-of-home care in participating counties may be increased to 75% from the present level of 50%.

***Reduction in TANF Funded Programs***

Proposal recognizes \$25.4 million in savings applicable to the elimination or reduction of spending for various programs funded by Temporary Assistance to Needy Families (TANF) dollars. Programs reduced or eliminated include: Before and After School pilot; Teenage Parent Counseling; Family Preservation Programs; Fatherhood and Marriage Initiatives; and the Kinship Care pilot.

***Day Care Caseload Increase***

Proposal includes an additional \$35.0 million to cover projected caseload spending increases.

***Family Independence Program Caseload Decrease***

Executive proposal recognizes \$38.4 million in caseload savings. Caseloads are projected to be at the 69,500 level, down 10,200 cases from current year.

***Energy Assistance Increase***

Executive proposal includes \$35.6 million in new federal dollars for the Low Income Home Energy Assistance Program (LIHEAP) and Weatherization services.

### **Staffing Adjustments**

Executive budget removes FTEs related to early retirement funding adjustments made in FY 2003. This adjustment contributes to the large staffing reduction identified below.

<b>Major Budget Changes from FY 2002-03 YTD Appropriations:</b>		<b>YTD FY 2002-03</b>	<b>Executive Change</b>
<b>1. Family Independence Program Caseload Decrease</b>	<b>Gross</b>	<b>\$376,339,600</b>	<b>(\$38,440,000)</b>
Executive recommends TANF savings of \$38.4 million consistent with a lower projected caseload level. Proposal captures a reduction of 10,200 cases from the current fiscal year budget level to a new projected level of 69,500 cases for FY 2003-04.	Federal	168,339,400	(38,440,000)
	Restricted	50,449,300	0
	GF/GP	\$157,550,900	\$0
<b>2. Day Care Caseload and Fund Shift Adjustments</b>	<b>Gross</b>	<b>\$447,472,300</b>	<b>\$30,568,000</b>
Proposal includes an additional \$35.0 million to cover projected caseload spending increases. Budget recognizes a projected average annual caseload of 66,300 at \$589 per case per month. An adjustment is also included to no longer allow exceptions to the 100 hours of care per pay period (two weeks) limit, saving \$4.4 million gross (\$1.5 million GF/GP). In addition, the proposal recognizes the need to replace federal Child Care Development Fund carry-forward no longer available (\$34.2 million) and related GF/GP (\$21.9 million) with TANF (\$56.1 million). Finally, GF/GP is added and TANF reduced to meet TANF Maintenance of Effort (\$5.0 million).	Federal	244,106,100	48,965,100
	GF/GP	\$203,366,200	(\$18,397,100)
<b>3. Reduction in TANF Funded Programs</b>	<b>Gross</b>	<b>\$91,844,300</b>	<b>(\$25,374,600)</b>
Executive recommends recognizing \$25.4 million in savings applicable to the elimination or reduction of spending for various programs funded with TANF dollars. Programs eliminated include: Before and After School pilot (\$9.5 million); Teenage Parent Counseling (\$4.2 million); Fatherhood and Marriage Initiatives (\$712,500); and the Kinship Care pilot (\$3.0 million). Program reductions are included in Family Preservation and Prevention Services (\$8.0 million). A portion of the savings (\$12.9 million) reflects an overall budget reduction while the remaining amount (\$12.5 million) is transferred to support the new Enhanced Child Care Fund Reimbursement line item. Under this line item, counties may decide what types of community-based programs to support. See item #5 below.	Federal	91,558,000	(25,374,600)
	GF/GP	\$286,300	\$0
<b>4. Child Care Fund</b>	<b>Gross</b>	<b>\$139,500,000</b>	<b>\$3,700,000</b>
Proposal transfers the Child Care Fund to the Child and Family Services unit, increases funding by \$28.7 million gross (\$24.5 million GF/GP) in line with projected spending levels, and shifts \$18.7 million in GF/GP funding authorization to federal authority to annualize the TANF claim for state and local in-home services. In turn, \$12.5 million GF/GP is added to reflect the sharing of some of the GF/GP savings from the state and local TANF claim with counties by increasing the in-home reimbursement rate. Finally, the budget transfers \$37.5 million gross (\$7.5 million GF/GP) to the new Enhanced Child Care Fund Reimbursement line item to consolidate in-home services funding. See item #5 below.	Federal	53,100,000	(7,104,400)
	GF/GP	\$86,400,000	\$10,804,400

<b>Major Budget Changes from FY 2002-03 YTD Appropriations:</b>		<b>YTD FY 2002-03</b>	<b>Executive Change</b>
<b>5. Enhanced Child Care Fund Reimbursement for Community Programs</b>	<b>Gross</b>	<b>\$0</b>	<b>\$50,000,000</b>
Executive budget allocates \$50.0 million for this new line item supporting community programs. As referenced in item #4 above, \$37.5 million gross (\$7.5 million GF/GP) was transferred from the Child Care Fund line item to consolidate in-home services within this new line item and \$12.5 million in authority was redirected from various TANF funded programs to the line (see item #3 above). Under the program, counties are encouraged to utilize funding in support of more community-based in-home services for youth. In return, the county reimbursement rate for alternatives to out-of-home care in participating counties may be increased to 75% from the present level of 50%.	Federal	0	42,500,000
	GF/GP	\$0	\$7,500,000
<b>6. Foster Care Adjustments</b>	<b>Gross</b>	<b>\$245,010,600</b>	<b>(\$28,773,500)</b>
Proposal removes \$250,000 gross (\$125,000 GF/GP) to eliminate the Foster Parent Recruitment Pilots and reduces the total amount authorized for foster care administrative rates by \$453,000 gross (\$236,000 GF/GP), requiring a more uniform rate structure. In addition, the recommendation recognizes a decrease of \$28.1 million gross (\$12.9 million GF/GP) in caseload spending. Budget includes a projected average annual caseload of 10,932, down 1,046 from the FY 2002-03 budgeted caseload. The funding for foster care caseload continues to decrease as many cases are now funded in the Child Care Fund. Shift is reflected in item #4 above.	Local	34,918,000	0
	Private	5,033,900	0
	Federal	108,078,000	(15,501,400)
	GF/GP	\$96,980,700	(\$13,272,100)
<b>7. Adoption Subsidy Adjustments</b>	<b>Gross</b>	<b>\$204,952,800</b>	<b>\$14,433,400</b>
Budget includes an adjustment to limit continuance of adoption subsidy payments after the 18th birthday under certain criteria to age 19 instead of 21, saving \$3.6 million gross (\$1.5 million GF/GP). In addition, the proposal adds \$18.0 million gross (\$7.3 million GF/GP) for caseload spending increases. Budget recognizes a projected average annual caseload of 26,500.	Federal	126,180,200	8,592,100
	GF/GP	\$78,772,600	\$5,841,300
<b>8. State Disability Assistance Caseload Increase</b>	<b>Gross</b>	<b>\$22,139,900</b>	<b>\$1,905,200</b>
Executive recommends adding \$1.9 million to cover higher projected SDA caseloads. Caseload level for FY 2003-04 is projected to be 8,400 cases, up 500 cases from the FY 2002-03 budget level. Projected paid amount per case is also increased to \$238.54 per month, up \$5.00 per case from the current year.	Restricted	5,104,800	0
	GF/GP	\$17,035,100	\$1,905,200
<b>9. Transitional Work Support</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>(\$5,000,000)</b>
Executive recommends the elimination of this program, saving \$5.0 million GF/GP. This program provides medical coverage for families who quickly become self-sufficient after applying for assistance and, accordingly, are not ever deemed eligible for Medicaid. The Department is hopeful that a Medicaid waiver can be obtained which would allow former participants of this program the opportunity to buy medical coverage at reasonable rates.	GF/GP	\$5,000,000	(\$5,000,000)
<b>10. Decrease in Indigent Burial Rate</b>	<b>Gross</b>	<b>\$6,400,000</b>	<b>(\$952,000)</b>
Executive recommends the reduction of indigent burial payments by \$167 per burial, saving \$952,000 gross (\$865,000 GF/GP). Adjusted rate for FY 2003-04 is recommended at \$947 per burial, distributed as follows: \$603 for funeral directors; \$200 for cemeteries or crematoriums; and \$144 for the provider of the vault. See boilerplate sec. 613.	Federal	600,000	(87,000)
	GF/GP	\$5,800,000	(\$865,000)

<b>Major Budget Changes from FY 2002-03 YTD Appropriations:</b>		<b>YTD FY 2002-03</b>	<b>Executive Change</b>
<b>11. Food Stamp Reinvestment</b>	<b>Gross</b>	<b>\$5,700,000</b>	<b>\$12,726,300</b>
Proposal adds \$12.7 million GF/GP in this area. The majority of the funds are earmarked for increased emphasis toward the reduction of food stamp issuance error rates, while a smaller portion will be set aside in anticipation of food stamp error penalties not yet levied by the federal government.	GF/GP	\$5,700,000	\$12,726,300
<b>12. Information Technology Cost Reductions</b>	<b>Gross</b>	<b>\$165,954,700</b>	<b>(\$28,428,500)</b>
Executive recommends reduced funding of \$28.4 million gross (\$8.7 million GF/GP) in the area of information systems. It is projected that the Child Support Enforcement System will be certified by the end of FY 2002-03 and accordingly, \$20.6 Million gross (\$5.6 GF/GP) of development and implementation costs will no longer be required. In addition, \$7.9 million gross (\$3.0 million GF/GP) in savings are recognized in the areas of information technology services and data enhancement programs.	Federal	108,751,221	0
	Restricted	11,032,200	0
	Other	407,600	0
	GF/GP	\$45,763,679	(\$8,661,200)
<b>13. Increase in Federal Energy Programs</b>	<b>Gross</b>	<b>\$96,903,600</b>	<b>\$35,504,900</b>
Proposal recognizes increased federal funding available for the Low Income Home Energy Assistance Program (\$30.5 million) and the Weatherization Program (\$5.0 million).	Federal	96,903,600	35,504,900
<b>14. Homestead Property Tax</b>	<b>Gross</b>	<b>\$50,000,000</b>	<b>(\$50,000,000)</b>
Executive recommends the discontinued use of TANF funding in paying Homestead Property Tax Credits to qualifying Michigan citizens. This change is in response to a federal regulation (effective January 2002) prohibiting the usage of TANF for this purpose. Please note—the elimination of TANF as a source of funding does not in any way change the program's purpose and, accordingly, qualified Michigan citizens will continue to receive a tax credit.	Federal	50,000,000	(50,000,000)

**Major Boilerplate Changes from FY 2002-03:****Sec. 213. Food Assistance Over-Issuance Collections and Error Rate Status - MODIFIED**

Current year authorizes FIA to retain food assistance over-issuance collections to offset GF/GP costs and requires FIA to report on error rate status. The Executive removes the error rate status reporting requirement.

**Sec. 218. TANF and TANF Maintenance-of-Effort (MOE) Reporting - MODIFIED**

Current year requires a semi-annual report on TANF projected expenditures, carry-forward, and interdepartmental or interagency fund transfers, as well as notification of proposed changes in TANF utilization or distribution or TANF MOE (Initiated, FY 1997-98). The Executive removes requirement for notification of proposed changes in TANF utilization or distribution or TANF MOE.

**Sec. 220. Faith-Based Contracts - DELETED**

Places restrictions on FIA contracts with faith-based organizations. Requires FIA to provide non-sectarian services for clients who object to sectarian-provided services. Further requires FIA to cooperate with faith-based organizations so they can compete for contracts on the same basis as other private contractors and requires FIA to follow federal PRWORA faith-based involvement related guidelines (Initiated, FY 1997-98).

**Sec. 222. Additional Appropriation Authorization - NEW**

Allows the Department, with approval from the State Budget Director, to spend a portion of unexpended or unreserved FY 2002-03 GF/GP funds in identified areas for the same purposes in FY 2003-04. The Executive adds this new section.

**Sec. 223. Medicaid Determination Requirements - DELETED**

Requires FIA to determine Medicaid eligibility within 60 days when disability is an eligibility factor and within 45 days for all other applicants, and requires FIA to report on centralized monthly processing of Medicaid spend-down paperwork for specified clients (Initiated, FY 2000-01).



**Sec. 261. Local Office Restructuring - DELETED**

Requires FIA to consult with members of the Legislature on planned local office restructuring and requires any plan ensure presence in every county (NEW, FY 2002-03).

**Sec. 263. Foster Care Workers and Child Protective Services Workers - DELETED**

Requires FIA to replace all foster care workers and child protective services workers who take an early retirement on a 1-to-1 basis (NEW, FY 2002-03).

**Sec. 415. Fatherhood Initiative - DELETED**

Requires the Department to spend up to \$500,000 in TANF to fund a fatherhood initiative (Initiated, FY 2001-02).

**Sec. 416. Marriage Initiative - DELETED**

Allows the Department to spend up to \$250,000 in TANF to fund a marriage initiative using licensed providers (Initiated, FY 2001-02).

**Sec. 503. Adoption Subsidy Payment Continuance - MODIFIED**

Current year allows for continuance of adoption subsidy payments after the 18th birthday under certain criteria. The Executive lowers the maximum age from 21 to 19.

**Sec. 512. Foster Parent Pilot Projects - DELETED**

Authorizes \$1.5 million for the Department to develop pilots for foster parent recruitment, retention, and training (Initiated, FY 1998-99).

**Sec. 514. Child Protective Services Report - DELETED**

Requires the Department to make a comprehensive report on child protective services to the Legislature by January 1, and states some of the information and statistics to be included in the report (Initiated, FY 1998-99).

**Sec. 517. Child Abuse and Neglect Prevention Programs - MODIFIED**

Current year authorizes allocation of funds to local collaboratives for neglect and abuse prevention programs (Initiated, FY 1997-98). The Executive adjusts language to allow instead of require the allocation to fund secondary prevention programs.

**Sec. 518. Strong Families/Safe Children Funding - DELETED**

Expresses legislative intent that funds appropriated for Family Preservation and Prevention Services be used to maintain local Strong Families/Safe Children allocations at the level in effect on April 1, 1997. Requires FIA to work with multipurpose collaborative bodies (MPCBs) to arrange a reward and/or penalty plan related to out-of-home placement outcomes. Local multipurpose collaboratives and FIA are required to report program usage, goals, and effectiveness (Initiated, FY 1997-98).

**Sec. 521. Foster Care Administrative Rate Adjustment - NEW**

Reduces the total amount authorized for foster care administrative rates and requires a more uniform rate structure. The Executive adds this new section.

**Sec. 524. Prevention Services Report - DELETED**

Requires the Department to submit an annual report on the status of the prevention services program (Initiated, FY 2001-02).

**Sec. 532. Licensing and Contract Compliance Review - DELETED**

Requires collaboration between FIA, Department of Consumer and Industry Services (CIS) and the Michigan Federation of Private Child and Family Agencies in the review of contract compliance and licensing policies, practices, and procedures in attempt to identify duplication. Requires report by April 1, 2003 (NEW, FY 2002-03).

**Sec. 533. Payment Promptness - Title IV-E Services - DELETED**

Requires FIA to make payments to child placing agencies within 30 days after receiving documentation for Title IV-E related services (NEW, FY 2002-03).

**Sec. 536. Foster Care Assignment System - DELETED**

Prohibits FIA from implementing a geographically-based foster care assignment system unless in the best interests of the foster children (NEW, FY 2002-03).

**Sec. 537. Foster Care Placement - First Opportunity - DELETED**

Requires FIA to offer private nonprofit agencies the first opportunity to provide foster care services for new children under specified circumstances (NEW, FY 2002-03).

**Sec. 540. Enhanced Child Care Fund Reimbursement for Community Programs - NEW**

Allows the Department, unless otherwise prohibited by law, to reimburse units of local government for up to 75% (not less than 50%) of the cost of in-home care programs and describes program parameters. The Executive adds this new section.

**Sec. 609. SSI State Supplementation - DELETED**

Prohibits reduction of SSI state supplementation for recipients in institutional settings during the fiscal year.

**Sec. 613. Indigent Burial Charge Limit and Report Requirements - MODIFIED**

Current year establishes a maximum allowable charge limit of \$1,114 for indigent burials and requires reporting. The Executive adjusts maximum charge limit to \$947 per case and removes reporting requirement.

**Sec. 624. Individual Development Accounts (IDA) Plan - DELETED**

Requires the FIA to maintain a plan to provide for the implementation of Individual Development Accounts (Initiated, FY 1997-98).

**Sec. 635. Child Day Care Provider Central Registry Notification - DELETED**

Requires the Department, within six business days of receiving all information necessary to process an application for payments for child day care, to determine whether the child day care provider is listed on the Child Abuse and Neglect Central Registry. If the provider is listed on the Central Registry, the Department shall immediately send written notice denying the applicant's request for child day care payments (Initiated, FY 1999-2000).

**Sec. 657. Before- or After-School Program - DELETED**

Requires the Department to continue to offer a before- or after-school program pilot for school-aged children and provide a report on the pilot (Initiated, FY 2000-01).

**Sec. 704. Juvenile Justice Facility Location - DELETED**

Prohibits new delinquency facilities from being located within 1,500 feet of property in use for a K-12 educational program (Initiated, FY 1998-99).

**Sec. 705. W. J. Maxey Reporting Requirement - DELETED**

Requires the Department to provide an annual report on the W. J. Maxey facility, and outlines required assessment and treatment issues (Initiated, FY 2000-01).

**Sec. 708. School Aid Funding for Juvenile Justice Education - DELETED**

Expresses legislative intent that FIA work with state and local agencies necessary to ensure funding through school aid to educate juveniles in state-operated detention or treatment facilities, and requires facility per diem rates to reflect savings (Initiated, FY 2001-02).

**Sec. 901. Child Support Incentive Payments and Enforcement System Requirements - MODIFIED**

Current year Sec. 401 allows the Department to retain portions of federal child support incentive payments and expend them for various child support collection efforts. Also, provides guidelines counties must follow in order to avoid penalty payment. The Executive renumbers Sec. 401, increases the incentive payment amount FIA may retain, and identifies minimum payment levels to counties.